

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 USIA-15 /033 W  
-----221257Z 129181 /50  
R 221144Z MAY 77  
FM AMEMBASSY TEHRAN  
TO USDOC WASHDC  
INFO SECSTATE WASHDC 2727

UNCLAS SECTION 1 OF 2 TEHRAN 4548

E.O.11652: N/A  
TAGS: BEXP, IR  
SUBJ: FY-1979 BIC/CAGNE TRADE PROMOTION EVENT  
SCHEDULE

REF: (A) USBOC 9123, (B) TEHRAN 4246

1. SUMMARY: POST RECOMMENDATIONS SUBMITTED REF (B) REPRESENT CONSENSUS THEME DEVELOPMENT COMMITTEE, COMPOSED OF BOTH AMERICAN AND LOCAL EMPLOYEES ACTIVE IN COMMERCIAL WORK, AFTER LONG AND CAREFUL DELIBERATION. AS WE UNDERSTAND OUR ROLE, IT IS PRESUMED THAT OUR JUDGEMENT ON THE SPOT IS LIKELY BE MORE ACCURATE THAN CONCLUSIONS REACHED IN WASHINGTON WITH RESPECT TO MARKETABILITY OF U.S. PRODUCTS IN IRAN AND FEASIBILITY OF MOUNTING SUCCESSFUL PROMOTION HERE. SEPARATE QUESTION OF WHETHER OR NOT GIVEN THEME CAN BE SUCCESSFULLY PROCURED IN UNITED STATES IS OBVIOUSLY MORE ACCURATELY ANSWERED BY WASHINGTON STAFF. END SUMMARY.

2. WITH VIEW TOWARD ESTABLISHING FY-1979 PROMOTION SCHEDULE WHICH IS ACCEPTABLE BOTH TO WASHINGTON AND TO POST, WE BELIEVE FOLLOWING COMMENTS SHOULD BE HELPFUL IT APPEARS TO US SELF-EVIDENT AND SUPPORTED BY FIFTEEN YEARS EXPORT-PROMOTION PROGRAM EXPERIENCE THAT THERE ARE PERHAPS TWENTY TO THIRTY BASIC AND BROAD THEMES  
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WHICH HAVE BEEN SUCCESSFULLY PROMOTED. THESE COVER ALL THOSE SUGGESTIONS WHICH HAVE BEEN SUCCESSFUL BUT EXCLUDE THOSE WHICH OBVIOUSLY ARE NOT PROMOTABLE THROUGH THE EXISTING TRADE PROMOTION TECHNIQUES. IT ALSO APPEARS SELF-EVIDENT TO US THAT UNDER CONSIDERABLE PRESSURE WHICH HAS DEVELOPED DURING PAST TEN YEARS TO COME UP WITH NEW THEMES ONLY AVAILABLE RESULT WAS

TWENTY OR THIRTY BASIC THEMES MENTIONED ABOVE. THESE NEW THEMES ARE OF COURSE SUBDIVISIONS OF BASIC THEMES BUT ARE NOT IN ANY SENSE OF THE WORD CREATED BY EITHER WASHINGTON OR THE FIELD BY IMAGINATIVE AND INNOVATIVE BRAINSTORMING. RATHER, THEY CREATED BY U.S. INDUSTRY ITSELF AS DIRECT RESULT ITS OWN TECHNOLOGICAL ADVANCES, CREATIVITY AND INNOVATION. WHAT SUDDENLY APPEARS ON GLOBAL SCHEDULE AS NEW THEME IS IN FACT BELATED RECOGNITION THAT NEW SUBDIVISION HAS BEEN CREATED BY U.S. INDUSTRY. THUS, WE HAVE FIRST, SECOND, THIRD AND FOURTH GENERATION EQUIPMENT WHICH HAS FOUND A READY MARKET IN THOSE COUNTRIES WHOSE TECHNOLOGICAL DEVELOPMENT HAS GONE THROUGH SIMILAR STAGES. HOWEVER, IT IS PATENTLY IRRATIONAL TO TRY TO PROMOTE FOURTH GENERATION EQUIPMENT IN A MARKET (LIKE IRAN) WHERE FIRST GENERATION EQUIPMENT REPRESENTS BRAND NEW FRONTIER. WE MIGHT HAVE SOME SUCCESS HERE WITH SOME VERY LOW LEVEL ELECTRONIC COMPONENTS, BUT TO RECOMMEND SHOW FEATURING LASER BEAM TECHNOLOGY OR PRODUCTION EQUIPMENT FOR IC'S WOULD BE INDEFENSIBLE. ANOTHER EXAMPLE AT RANDOM: HEVAC (HEATING, VENTILATION AND AIR CONDITIONING) PROMOTIONS HAVE BEEN AROUND AS STAPLES FOR YEARS BUT EVEN RESIDENTIAL AIR CONDITIONING IS RELATIVELY UNKNOWN IN IRAN AT PRESENT TIME. TO SUBDIVIDE GOOD SOLID BASIC THEME LIKE HEVAC AND RECOMMEND SOLAR HEAT TRANSFER DEVICES AS THEME IN ITSELF WOULD NOT BE FACING UP TO REALITIES OF THIS MARKET.

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3. IN THOSE CASES WHERE SECOND, THIRD OR FOURTH GENERATION EQUIPMENT IS SOLD OR USED IN THIS COUNTRY IT IS NOT PURCHASED THROUGH IRANIAN DISTRIBUTORS AS RESULT U.S. TRADE PROMOTION EFFORTS. BELL, ROCKWELL, ETC., ARE PROCURING THIS TYPE MATERIAL THROUGH ENTIRELY SEPARATE DISTRIBUTION CHANNELS.

4. WITH RESPECT TO THREE YEAR REPEATABILITY CRITERIA IT SEEMS TO US THAT THE ARGUMENT MAY INDEED BE BALID IN DEVELOPED MARKETS WHERE DOZENS OF COMPETING TRADE SHOWS ARE AVAILABLE ON YEARLY BASIS. IN THIS PARTICULAR EMERGENT MARKET, THERE ARE FOUR OR FIVE TRADE FAIRS AVAILABLE EACH YEAR (OTHER THAN TRADE CENTER EXHIBITIONS). OUR BELIEF IS THAT IT WOULD BE POSSIBLE TO REPEAT MANY OF OUR SUCCESSFUL THEMES EACH YEAR; WE HAVE TAKEN CAUTIOUS ROUTE AND RECOMMENDED TWO YEAR SEPARATION.

5. WITH RESPECT TO SIZE OF TARGET AUDIENCE AND

PROCUREMENT UNIVERSE, POST DEFERS TO USDOC EXPERTISE IN ESTABLISHING LATTER. CAGNE DIFFICULTIES IN PROCURING REPEATS MAY REFLECT INDIVIDUAL FIRMS' DISSATISFACTION WITH PAST FREIGHT AND CUSTOMS PROBLEMS, OR WITH LESS THAN CANDID PROCUREMENT PRACTICES IN DISCUSSING THOSE PROBLEMS, RATHER THAN WITH ACTUAL MARKET SITUATION IN IRAN. HOWEVER, WE BELIEVE WE ARE IN POSITION OFFER CONSTRUCTIVE GUIDELINES WITH RESPECT

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INFO OCT-01 ISO-00 EB-07 USIA-15 /033 W  
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R 221144Z MAY 77  
FM AMEMBASSY TEHRAN  
TO SUDOC WASHDC  
INFO SECSTATE WASHDC 2728

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TO SIZE OF TARGET AUDIENCE. USDOC GUIDELINES APPEAR FAR TOO ARBITRARY AND LACK FLEXIBILITY ADAPT RULES GOVERNING EACH SHOW TO CHANGING MARKET SITUATION IN IRAN. IF THOSE GUIDELINES HAD BEEN FOLLOWED, VERY SMALL SIZE OF MEANINGFUL TARGET AUDIENCE WOULD HAVE PRECLUDED OUR STAGING AT LEAST HALF OF MOST SUCCESSFUL PROMOTIONS HELD IN IRAN DURING PAST SEVERAL YEARS. MOST RECENTLY, COMMUNICATIONS EQUIPMENT EXHIBITION IS VALID CASE IN POINT. OUR AUDIENCE UNIVERSE DID NOT EVEN APPROACH 100 FIRMS OR ENTITIES RECOMMENDED, AND PRODUCT MIX CAN ONLY BE TERMED PROSAIC, BUT EACH AND EVERY EXHIBITOR THOUGHT SHOW WAS RESOUNDING SUCCESS.

6. WHAT IS, BY ARBITRARY USDOC DEFINITION, AN OVERWORKED THEME THAT HAS BEEN AROUND TRACK TOO MANY TIMES IN OTHER MARKETSI IS MOST OFTEN NEW AND STIMULATING INTRODUCTION TO LINE OF EQUIPMENT WHICH IS BRAND NEW IN THIS MARKET AND MOST SUITABLE FOR INTENSE PROMOTION. OF ALL THE EMERGENT MARKETS WHERE TRADE CENTERS ARE LOCATED, IT QUITE POSSIBLE THAT IRAN OFFERS THREE UNIQUE ATTRACTIONS: THE LOWEST LEVEL OF DOMESTIC TECHNOLOGICAL KNOW HOW, GREATEST OPPORTUNITIES FOR RAPID EXPANSION FROM THIS SMALL BASE AND MONEY TO PAY

FOR IT. IN POST'S VIEW, ALL OF FOREGOING ADDS UP TO  
SOLID RATIONALE FOR TYPE OF A PROGRAM RECOMMENDED IN  
REF (B), WHICH MATCHES POST'S FY-79 CCP RECOMMENDA-  
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TIONS (TEHRAN A-45, MAR 31, 1977).

7. FYI: USDOC MAY BE INTERESTED IN SOME OF OTHER  
THEMES ALL OF WHICH GENERATED AND CONSIDERED BY POST  
THEME DEVELOPMENT COMMITTEE, BUT REJECTED AS BEING  
INAPPROPRIATE FOR FY-79 PROMOTION AT TRADE CENTER  
FOR VARIETY OF ABOVE REASONS. THESE THEMES, MOST  
OF WHICH ENJOY LIMITED MARKET HERE, INCLUDED:

A) AGRICULTURAL EQUIPMENT (TYPES NOT CURRENTLY  
PRODUCED OR ASSEMBLED IN IRAN; BEING PROPOSED  
SEPTEL FOR JULY 1978, USTC SLOT);

B) ELECTRONICS INDUSTRIES EQUIPMENT (SOUTH-  
EST IOGA TRADE MISSION TENTATIVELY  
SCHEDULED AUGUST 1977);

C) PRINTING/GRAPHIC ARTS EQUIPMENT;

D) FURNITURE MAKING/WOODWORKING/WOOD-FINISHING  
EQUIPMENT;

E) HOTEL/RESTAURANT/FAST FOOD EQUIPMENT;

F) METEOROLOGICAL APPARATUS AND EQUIPMENT;

G) INDUSTRIAL AND PUBLIC SAFETY EQUIPMENT;

H) LABORATORY/ANALYTICAL INSTRUMENTS AND EQUIP-  
MENT;

I) MARINE EQUIPMENT, INSTRUMENTS AND SUPPLIES;

J) PROCESS CONTROL INSTRUMENTATION AND EQUIPMENT;

K) LEISURE TIME CONSUMER GOODS (SPORTS EQUIPMENT;  
HOME RECREATION PRODUCTS, SPORT VEHICLES);

L) SPECIALTY EQUIPMENT AND PROCESSES FOR  
PETROLEUM INDUSTRY; AND

M) METALLURGICAL INDUSTRIES SPECIALIZED EQUIPMENT.

8. POST ASSESSMENT OF IRANIAN ECONOMY, WHICH CONFIRMED  
BY SECTORAL SURVEY FINDINGS, IS THAT THIS IS UNEVENLY  
DEVELOPING BUT ESSENTIALLY STILL UNSOPHISTICATED ECONOMY.  
SOME SECTORS CAN ABSORB SECOND OR THIRD GENERATION  
EQUIPMENT, BUT IT DOES NOT LOGICALLY FOLLOW THAT SUCH  
EQUIPMENT IS SUSCEPTIBLE TO TRADE CENTER PROMOTION.  
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THIS IS ESPECIALLY TRUE FOR SECTORS WHERE END-USER  
UNIVERSE IS EXTREMELY LIMITED. THUS POST RECOMMENDA-  
TIONS FOR FY-79 PROMOTION EVENT SCHEDULE STAND AS

STATED REF (B), WITH EXCEPTION WAREHOUSING SYSTEMS  
WHICH POST ACCEPTING FOR JUNE 1978 SLOT IN SEPTEL.  
MIKLOS

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## Message Attributes

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